

June 9, 2002

Brad D. Palmer, Assistant Field Manager
Bureau of Land Management
Salt Lake Field Office
2370 South 2300 West
Salt Lake City, Utah 84419

RECEIVED

JUN 13 2002

DIVISION OF
OIL, GAS AND MINING

5/003/020

Re: 3809, U-69380, UT-023

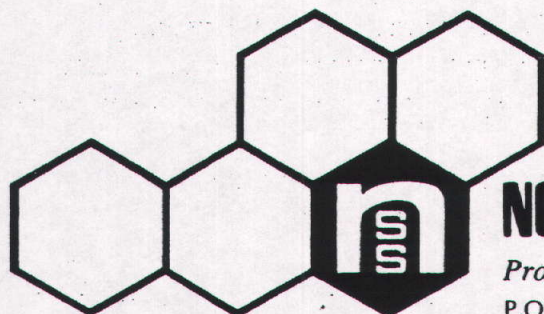
Greetings,

I am in receipt of your June 4th letter, and will fill you in with the details requested based upon my business plan and ability to forecast the future.

2. I was never advised or consulted about the November 2, 2000 field inspection that indicated 14.67 acres of surface disturbance. Two years ago Lyn Kunzler did a GPS survey for the State of Utah, and confirmed that our operation disturbed less than 5 acres. There are vast discrepancies in the interpretation of the disturbed areas that we are responsible for and their locations. As I have said numerous times over the years, it is impossible to have an agreement or consensus unless we have personal meetings and look at the ground. This is the most sensible approach, within our rights, and the only answer to resolve an endless argument. We want to work within the law, but on the other side of the coin, must protect our rights within the legal framework.

I have stated over the course of the past 10 years, that it is our desire to keep our operations under 5 acres. I believe this is possible by careful planning and a commitment to on going clean up and restoration work conducted simultaneously with our quarrying activities. To date we have put a huge effort and several hundred thousand dollars toward that objective. Over the course of the past five years we have not been afforded the courtesy of on site meetings with the B.L.M. so we could have a complete understanding of the laws and requirements as they relate to our operations. It is impossible to answer all of the questions in item 2 until we can clarify details with the on site meeting and sort out any discrepancies in the determination of what is disturbed. Once those issues are sorted out we can give you a time frame for necessary restoration work.

3. Within the past 12 years approximately \$42,000.00 of hard earned U.S. dollars have been spent on surveys and maps to try and satisfy the B.L.M. The last map we submitted on May 20, 2002 is a direct copy of mineral survey No. 7371 A and B Utah, accepted on October 11, 1991. Per your suggestions at our last meeting we purchased on that day 7.5 min. topo maps, overlayed the mineral survey on the map, had our surveyor add other details and claims on an enlarged version of the 7.5 topo map so that everything would be legible. The scale on the map you received is 1"= 260', and it would be very easy to locate on the ground, all details.



NORTHERN STONE SUPPLY, INC.

Producing Quality Building Stone Products for Worldwide Distribution

P.O. BOX 249 / OAKLEY, IDAHO 83346 / (208) 862-3353 / FAX (208) 862-3846

In regard to proposed operations on our mining and mill site claims beyond what we are doing, and what you have asked for in our amended application, I do not see anything new at this time. If we were to make any changes, you would be given adequate notice for a prompt review.

4. Our submitted amendment was for permission to move the existing rock crusher, grizzly plant and aggregate stock piles to the designated "NEW" location on mill site No. 4. We are presently using 1-2 cy. Wheel loader, 1-3 cy. Wheel loader, 2-1 cy. Excavators. Our crushing plant is FABTEC portable with a HAZEMAG IMPACT CRUSHER and 3 deck screen and conveyors. Capacity is prox 30 tons per hour. Our portable grizzly plant is FABTEC with grizzly feeder, 2 deck screen, and 2 conveyors. Capacity is prox. 100 tons per hour.
5. We have a mobile fuel truck with a capacity of 500 gallons. Our "spill contingency plan" is;
A. Very careful maintenance of all equipment to insure that each and every piece does not leak or drip petroleum fluids.
B. We carry shovels, buckets, and oil absorbing material in our fuel truck.
C. We never fuel or work on equipment near a water course.
D. We stock a minor amount of motor oil and hydraulic fluid in our shop in factory containers on a concrete floor. The shop is always locked unless someone is there.
E. We do all of our minor maintenance in front of the shop on a concrete pad.
F. All major maintenance is done at our shops in Oakley, Idaho.
6. When I stated that there would not be any "future expansion" I meant the two quarries where we have worked over the past few years, and as I have explained we restore as we go. As we move forward on a bench the area on the back side of the bench is enlarged and we do not use all of that bench. There will always be a down slope at the back of the bench. As we progress forward on the bench at the face we leave that much area behind us. Since we now haul and process all of the material we remove to our mill sites, the quarry looks no different than when we started in 1991.

Because the quarry is on a side hill and virtually solid rock, we will end up with a series of faces of appropriate height and a series of clean flat benches. As we move up slope we may elect to terminate a bench or series of benches. In the big picture any sheer bench faces would be graded to a slope less than vertical. Also, there is the potential for removing useable material from the back side of the bench and still retain the original slope angle of the material dumped over the back side of the bench by the previous operator. This is exactly what we are doing at the bottom of the canyon above the bunk house and below the old crusher. We have made a voluntary commitment to do this project that we are not legally responsible for. The long and short of this is that our operation will gain as much restored acreage as we disturb. This is unlike any other decorative stone quarry in Northern Utah where there are pits, trenches, millions of yards of waste that will never be reclaimed, trash strewn around and wrecked machinery scattered about.

In regard to how much material we intend to mine from each quarry, it depends upon a number of factors. The numbers I gave you were an "estimate" of this years production. We will progress as prudent business economics dictate and market exposure increases. Ninety percent of our energy and money to date has been spent on unnecessary legal confrontations with the Utah B.L.M. and in clean up of the old quarry and developing a modern and efficient infrastructure that will support our marketing efforts and market demands. In regard to mining from the two quarries marked on the map as active, once the upper quarry is "cleaned up" of piled up waste from the previous operation, we will concentrate our efforts in the lower quarry since the haul to the mill site is much easier and shorter.

Since we took the operation over in 1991, we have been doing something special and unusual on our own initiative with the clean up effort. I don't believe the B.L.M. recognizes that, simply because practically no one has taken the time to look at the site. By contrast, we get high marks from the Utah State people, and the Mine Safety Health Administration. It is this dialogue and on site meetings that we must have to make it work for everyone with a minimum expenditure of the government and business time and money. I believe we are on the right track and I am willing to do my part.

7. The 500 tons of waste cited is a rough estimate. Geology can change dramatically and to cite a long term number would be impossible for anyone to predict. Our map does show a "top soil" storage site or if you prefer it can be called a waste stock pile because any waste we have is composed of a mix of approximately 50% clay soil and 50% 1/4 " and less gravel, much the same as the soil at our quarry site. Currently we use all of that material for mill site development, road restoration, etc.. As we clean up and expand the areas of our quarry benches this material would be used as a topping on the areas no longer used, and serve well as a slope dressing where needed to further expedite the growth of native vegetation.

It would be impossible to describe the pit dimensions at the conclusion of operations since no one could begin to accurately predict the nature of the geology without very expensive and extensive core drilling. The important issue is how we design the benches and cuts to give the best possible end results from an area on a side hill composed of solid rock. I believe we covered this in item number 6. We can not predict with any degree of accuracy and do all of the conceptual designs you are talking about without some concrete examples and details from the B.L.M.. It seems as though you are putting the burden on the small miner to come up with all of the answers. I believe we can remain a small mine operator for some time to come and expand our volume without disturbing more area than we reclaim. You asked us to mark the proposed expansion of over burden or waste stockpile areas for each quarry. As previously stated, we have a very simple and efficient plan outlined per our submitted maps. If we need to deviate from that plan you will be given sufficient notice.

8. We have decided that we can get by without a water line at this time to the new location for the crusher.

9. Item 1. We save all top soil-crusher waste per explanation in previous paragraphs and stock pile area designated on our map.

Item 2. We control erosion on our roads by sloping banks so vegetation will establish and control erosion and contour roads so there are proper drainage areas. We have no landslide problems since our quarry is solid rock. We are careful that no sediment runs off into the water course by doing road contours and berms. In the past we have been accused by the B.L.M. of causing stream sediment. Absolutely false. Any sediment occurring in the stream comes from above our quarries where unchecked livestock use for 100 years has eroded the stream banks and decimated the riparian area. You will note that the riparian areas within our fenced working area are thriving. Aside from safety and security factors, the riparian areas are of special concern to us. This is a major concern in all of our quarries.

Item 3. We do not use or haul any toxic material on our quarry site.

Item 4. I explained this in item 6.

Item 5. The fisheries and wildlife habitat has been significantly improved since we have cleaned the area up after the previous operator and eliminated livestock from our working areas. We are extremely careful about preserving the integrity of the area. There is only one building outside of our patent area. The removal of the other building and portable equipment would take no more than 30 days. Post closure management would be administered by two personnel from our company and the work done according to B.L.M. reclamation standards and all state health and safety standards.

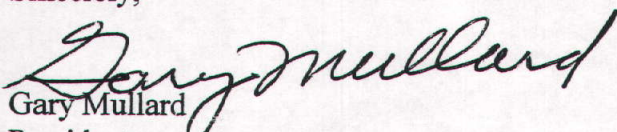
10. The scale is steel load cell portable truck axle scale 10 ft. wide x 12 ft. long set in a 6 inch deep concrete platform. In our submitted amendment and map, we have shown and detailed all pre 1955 roads and tracks pioneered by the previous quarry operators and others who have accessed this area over the years. I do not understand your reference to roads leading to inaccessible areas. All of these roads we originally developed with a single purpose in mind; to access and develop the valuable mineral deposits on the claims and to develop and utilize the mill sites for development of the resource. The active road maintenance you speak of had been addressed in several communications with the B.L.M. and the state.

A. The Mine Health Safety Administration mandates that all of our roads meet their standards. We have complied 100%.

B. We are required by the B.L.M. as you state in your letter; provide reclamation measures to control erosion, landslides, and water run off. In recent years we have spent large sums of money to meet the standards and comply so we will not have trouble with the agencies and have the mining property in a condition to run an efficient and neat operation. All of the roads on the mining claims have an ultimate use as explained. We are choosing to limit the number of roads and working areas that we use at the present time. If we intend to work in quarry areas other than those designated on the current maps, we will notify you. It is important that we be allowed to work and reclaim old workings while having an active status in the two quarries designated on the map. As previously stated, it is our goal to reclaim as we go, and have the best of all worlds for everyone involved and for the future. A reasonable and practical interpretation and application of the law can have many benefits for our society, our environment, and the economy. Unless we work together as people with long term visionary goals, practical and workable solutions to our problems and challenges, then I am afraid the future does not hold much hope for a better world.

Per your suggestion, I will contact Lyn Kunzler tomorrow to discuss a meeting date so we can meet on site. I would like an early morning meeting so we could hopefully conclude by noon if possible. Please be assured of our willingness to cooperate and meet reasonable standards, but I do not want to be saddled with the logistics of a large mine operation until we are ready for that step. I am confident that we can stay within 5 acres according to the law, and satisfy the state and the B.L.M. When you see our operation I believe you will agree that we have a model of efficiency and organization. Of course, we always welcome ideas on ways to improve.

Sincerely,


Gary Mullard
President

lw

cc: John Kirkham, Lyn Kunzler, D. Wayne Hedberg